



FAQ



Q1. Where is the federal guidance re: SFAs' requirements to keep a separate balance sheet?

A1. An SFA does not have to submit a balance sheet for food service, but they must be able to provide equivalent documentation that shows they maintain "records that...contain information pertaining to Federal awards, authorizations, **financial obligations, unobligated balances, assets**, expenditures, income and interest..." (2 CFR 200.302(b)(1)) The three bolded items make up a Balance Sheet or Statement of Financial Position.

Additionally, the SFA is required to track the ending balance in the food service account. "Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service." (7 CFR 210.14) The SFA is therefore required to track all revenues, including the amount unspent at year-end, to ensure any surpluses are carried forward to the following year and used only for allowable food service expenditures to operate/improve the program. Ending balance = equity, which is reported on a Balance Sheet or equivalent financial report.

Q2. How can SFAs establish an indirect cost percentage?

A2. An SFA should contact the LDOE for more information concerning Indirect Cost Rate Proposals. Indirect costs cannot be charged to the CNPs without an approved Indirect Cost Rate Agreement.

Q3. For the CNP Income and Expense Report, what should be reported as an Indirect Cost?

A3. Only report indirect costs recouped from the food service fund calculated using an indirect cost rate as assigned in an approved Indirect Cost Rate Agreement. Shared costs allocated using any other method should be reported under their respective direct expense categories (utilities, salaries, rent, etc.).

Q4. Do we have to follow PLE requirements if we are operating SSO this year?

A4. If you are non-pricing at all sites through SSO, then paid lunch equity does not apply to your program for the current year. There is an "N/A" option for 100% non-pricing programs on the 700 Series Questions.

Q5. Can you send the citation for allowing food for training?

A5. This won't be as straight forward as I thought! The citation I was thinking of during the presentation was 2 CFR 200.432 Conferences, which allows for costs of meals and refreshments. However, the definition of conference is "the dissemination of technical information *beyond the non-federal entity*," which means it wouldn't apply to internal training!

Nevertheless, the program is allowed to incur reasonable & necessary costs to operate & improve the CNPs. If you are conducting all day mandatory food service employee training, a prudent person would think it's reasonable to provide refreshments and/or lunch.

Entertainment costs are unallowable (2 CFR 200.438), therefore you should ensure any costs for a "training event" do not fall under the umbrella of entertainment. For example, team dinners at a restaurant after a day of training would not be an allowable cost. But a pizza lunch during a training event could be justified, unless you have received specific guidance from the State Agency saying these costs are not allowed. You should also consider any school district policies (i.e. if the school would not pay for a pizza lunch at a teacher training event, then food service should not pay for pizza at their training events).

Q6. Can custodians be considered program employees if they work in the cafeteria/kitchen during meal service?

A6. FNS Instruction 782-5 gives conflicting information about custodian meals. Unless LDOE issues specific guidance on this subject, my conclusion is you can justify it either way. Your program should document which employees are considered program adults in an adult meal policy. Consider the following factors. Which fund(s) pay their salaries/wages? Are they school employees or contractors? How much time is spent on food service duties? Are they included in food service training? Can food service afford to provide free meals to custodians? The FS program is never obligated to provide free adult meals. It is at the discretion of the SFA.

Q7. Is all of the financial information from the July 1, 2020 - June 30, 2021?

A7. Yes, most of the financial information requested during an Administrative Review will be for the prior completed school. This is the review period for the Maintenance of the Nonprofit School Food Service Account module and the Indirect Cost module. Unless stated otherwise, you should assume any financial reports should be run for SY 20-21.